REMARKS

This paper is responsive to the Office Action mailed January 27, 2009 (hereinafter "Office Action"). Claims 1-35 are pending in the application. Claims 11, 28, and 30 have been amended and new Claim 35 has been added.

Applicant has carefully reviewed the cited art and the comments in the Office Action, and respectfully submits that the claims are patentable over the cited art. Reconsideration of the claims and allowance of the application are respectfully requested.

Election/Restriction

Applicant thanks the Examiner for considering applicant's traversal of the restriction made September 5, 2008. However, applicant remains concerned that the basis for restriction is unclear.

In maintaining the restriction, the Office Action cited "a burdensome search" and referenced MPEP 806.01, which states "a provisional election of a single species may be required where only generic claims are presented and the generic claims recite such a multiplicity of species that an unduly extensive and burdensome search is necessary."

However, the instant case did not require an election of species. Instead, the restriction in this case was based on an allegation of distinct inventions "related as process and apparatus for its practice." (See Office Action mailed September 5, 2008).

In reply, applicant respectfully pointed out that the claims of Group II (Claims 13 and 18) are method claims, just as claims in Group I (i.e., Claims 1 and 14) are method claims. It remains unclear how the claims in Groups I and II are distinct as allegedly reciting a process and apparatus for its practice.

MPEP 806.01 also refers to MPEP 808.01, which states:

> The particular reasons relied on by the examiner for holding that the inventions as claimed are either independent or distinct should be concisely stated. A mere statement of conclusion is inadequate. The reasons upon which the conclusion is based should be given.

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Maintaining the restriction "because of a burdensome search" appears conclusory and does not address the underlying concern about the reason for restriction. Furthermore, the elements recited in non-elected Claims 13 and 18 are present in the elected claims which have been searched and examined.

To advance the prosecution of the present application, applicant has marked Claims 13 and 18 as withdrawn. Nevertheless, it would seem appropriate in the present case for the Examiner to further reconsider and withdraw the restriction.

Claims 1-12, 14-17, and 19-35 Are Patentable Over May

The Office Action rejected Claims 1-12, 14-17, and 19-31 under 35 U.S.C. § 103(a) as being unpatentable over May (U.S. Patent No. 6,317,727). May, however, does not teach or suggest what is claimed in Claims 1-12, 14-17, and 19-35.

Prior to discussing the patentability of the claims, it may be helpful to consider general background information.

Present Application

The present application includes embodiments that are generally directed to facilitating the trading of orders having an associated premium. As indicated in Claim 1, in at least one embodiment, each order has "a premium for the order at a particular price, wherein . . . the particular price is adjusted in accordance with the premium when setting a price for pairing." The orders are paired "in accordance with their respective premiums." Illustrative embodiments are described, for example, at page 15, lines 19-28, and page 33, lines 10-26, of the present application. See also the discussion of an embodiment at page 94, line 16, to page 96, line 15, and FIG. 90. A further example illustrating this processing is set forth at page 96, line 16, to page 99, line 5. It should be understood that the foregoing examples and other examples referred to herein are referenced to illustrate possible implementations, but are not limiting to the scope of the claims.

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A premium for an order may be offered or demanded. As indicated in Claim 4, in at least one embodiment, preference may be given to orders offering premiums in which "the preference [is] proportional to the size of the premium." According to Claim 5, preference may be given to orders demanding premiums in which "the preference [is] inversely proportional to the size of the premium." In some embodiments, as in Claim 2, the premium for each order may be determined "in accordance with a respective liquidity curve associated with each order."

May

The disclosure of May "generally relates to brokerage systems and methods, and more particularly, to credit risk screening of potential counterparties before conducting trades via an electronic trading system" (see Col. 1, lines 28-31). The credit monitoring system "forms a complex check to determine if two particular counterparties will except each other for a particular trade based upon their respective predefined credit preferences. In accordance with an embodiment, credit preferences imputed by each counterparty with regard to the other counterparty are referenced to determine the trade eligibility of either party with respect to the other for a particular financial transaction instrument" (see Abstract).

Claims 1-12, 17, 19, and 20

In contrast to May, Claim 1 of the present application calls for "determining, by a computer, for each order in a batch, a premium for the order at a particular price, wherein for a respective order, the particular price is adjusted in accordance with the premium when setting a price for pairing," and "pairing, by a computer, the orders in the batch in accordance with their respective premiums." Further according to Claim 1, "the premium for an order depends on the size of the order that is matchable with at least one contra side order, and when a portion of the order is unmatchable in a pairing, the method further comprises reducing the size of the order by the size of the unmatchable portion and determining a new premium for the order in accordance with the reduced order size."

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In rejecting the claims of the present application, the Office Action broadly cited May at Col. 13, line 65 to Col. 18. This portion of May, and indeed the entire disclosure of May, does not teach or suggest anything relating to "determining...for each order in a batch, a premium for the order at a particular price, . . . wherein the premium for an order depends on the size of the order that is matchable with at least one contra side order."

The Office Action cited the "auction module 81" in May and quoted May at Col. 14, lines 9-19. While this portion of May refers to processing "multiple or batch orders on a single instrument at different price levels," the disclosure, however, refers only to known processing of orders that have been grouped in a queue, with each order having a respective price.

At Col. 41, line 53, to Col. 42, lines 1-14, May explains as follows:

> Unlike traditional auctions, where once a trade is completed the counterparties are free from future financial commitments, with derivatives trading, the counterparties may end up with multi-year financial commitments to one another once a trade is executed. In order to deal with this relatively unique problem, the auction and switch auction take the credit preferences of the users into account. The auction methodologies herein are referred to as a two way Dutch auction with credit. In conducting such an auction, users submit orders into the auction module 81 of the trader workstation 20 (FIG. 3) which communicates the information to the auction mechanism 34 of the central processing center 12 (FIG. 2). The orders are submitted via an auction interface 430, as illustrated in FIG. 22A, by price, quantity, and action.

> With reference to FIG. 22A, the auction interface 430 includes a queued orders window 432 into which the user enters an order, and a submitted orders window 434 which shows the orders submitted to the auction mechanism 34 via the auction module 81t. Orders can be added via the Add button 436. Orders are moved from the queued orders window 432 to the submitted orders window 434 by highlighting the order and then selecting the Submit button 438. All entered orders in the queued orders window 342 can be submitted at once by highlighting all the orders and then selecting the Submit All button 442. Prior to submitting an order, the orders in the queued orders window 432 can be edited via the Edit button 440 or canceled via the Cancel button 444.

As can be observed, May does not teach or suggest determining a premium as claimed in Claim 1. The premiums in Claim 1 are determined "for each order . . . at a particular price,

wherein for a respective order, the particular price is adjusted in accordance with the premium when setting a price for pairing." The "different price levels" mentioned by May are not "premiums" as claimed in Claim 1, but only the particular prices of the orders as entered by the users.

May also fails to teach or suggest "when a portion of the order is unmatchable in a pairing, . . . reducing the size of the order by the size of the unmatchable portion and determining a new premium for the order in accordance with the reduced order size," as claimed in Claim 1. The Office Action did not cite, nor has applicant found any disclosure in May that suggests these features.

In addition, where May does not teach or suggest determining a premium as claimed in Claim 1, May also fails to teach or suggest "pairing, by a computer, the orders in the batch in accordance with their respective premiums."

In summary, it is not at all clear how the teachings of May have any bearing on Claim 1 of the present application, and the Office Action provided no specific application of May to the language of the claim. A *prima facie* case of obviousness requires references that teach or suggest all of the elements in the claims at issue. Because May fails to disclose or suggest the elements of Claim 1, May does not support a *prima facie* case of obviousness under Section 103. Applicant respectfully requests withdrawal of the rejection of Claim 1 and allowance of the claim.

The Office Action did not specifically address the language of dependent Claims 2-12, 17, 19, and 20. Applicant respectfully traverses the rejection and submits that these claims are patentable over May, both for their dependence on Claim 1 and for the additional subject matter they recite.

On a further note, when rejecting claims for obviousness, it is necessary that there be a clear articulation of the basis for rejecting each of the claims. Evidence must be shown that demonstrates, as a whole, the legal determination of obviousness is more probable than not. *See*

M.P.E.P. 2142. The Supreme Court has explained that "the key to supporting any rejection under 35 U.S.C. § 103 is the clear articulation of the reason(s) why the claimed invention would have been obvious." *KSR International Co. v. Teleflex, Inc.*, 550 U.S.__, 82 U.S.P.Q. 2d 1385, 1395-97 (2007).

Such evidence and reasoning has not been provided for any of the pending claims in the present case. A brief quotation of May in the Office Action, with nothing more, cannot be taken as a "clear articulation of the reason(s) why the claimed invention would have been obvious." For this additional reason, applicant submits that a *prima facie* case of obviousness of the claims has not been shown. The claim rejections should be withdrawn and the claims allowed.

<u>Claims 14-16</u>

Claims 14-16 were rejected as being unpatentable over May. Applicant respectfully traverses these claim rejections.

Claim 14 calls for "selecting, by a computer, an order processing methodology wherein a premium for the order at a particular price is automatically determined based on a liquidity curve and the order is automatically paired in accordance with its premium," and "posting, by a computer, the order to a market operative according to the selected order processing methodology." Further according to Claim 14, "the premium for the order depends on the size of the order that is matchable with at least one contra side order at the market, and when a portion of the order is unmatchable at the market, the method further comprises reducing the size of the order by the size of the unmatchable portion and determining a new premium for the order in accordance with the reduced order size and the liquidity curve associated with the order." For at least the reasons discussed above with respect to 1-12, 17, 19, and 20, May does not teach or suggest the above-recited elements of Claim 14.

Claims 15 and 16 also present subject matter that is not taught or suggested by May ("wherein the market determines the premium when the order is posted thereto" and "the

liquidity curve is defined by the size of the order and the premium for the order at each size").
Accordingly, Claims 15 and 16 should be allowed.

Claims 21-29

Claims 21-29 were rejected as being unpatentable over May. Nevertheless, applicant submits that the claims are patentable over May for at least reasons similar to those discussed above.

Claim 21 is directed to a computer system for facilitating trading of orders in a batch process. The computer system includes a computer having a processing component configured to "automatically determine, for each order in a batch, a premium for the order at a particular price, wherein for a respective order, the particular price is adjusted in accordance with the premium when setting a price for pairing," and to "automatically pair the orders in the batch in accordance with their respective premiums." The premium for an order "depends on the size of the order that is matchable with at least one contra side order." When a portion of the order is unmatchable in a pairing, the processing component is configured to "reduce the size of the order by the size of the unmatchable portion and determine a new premium for the order in accordance with the reduced order size."

While the Office Action did not explain how May applies to Claims 21-29, applicant submits that May fails to teach or suggest the elements recited. Claim 21 should be allowed, as well as Claims 22-29, which depend from Claim 21.

Claims 30 and 31

As with the other claims in this application, the Office Action did not specifically address the language of Claims 30 and 31. Nevertheless, applicant submits that the claims are patentable over May for at least reasons similar to those discussed above.

Claim 30 is directed to a computer-accessible medium having executable instructions stored thereon for facilitating trading of orders in a batch process. The instructions, when executed, cause a computer to "automatically convert, for each order in a batch, a liquidity curve

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respectively associated with the order into a premium for the order at a particular price, wherein for a respective order, the particular price is adjusted in accordance with the premium when setting a price for pairing, and wherein the premium for an order depends on the size of the order that is matchable with at least one contra side order."

The instructions, when executed, further cause the computer to "automatically post the orders with premiums to a batch process, the batch process for automatically pairing the orders in accordance with their respective premiums." When a portion of the order is unmatchable, the instructions further cause the computer to "reduce the size of the order by the size of the unmatchable portion and determine a new premium for the order in accordance with the reduced order size and the liquidity curve associated with the order."

Claim 31 recites "wherein the liquidity curves are defined by the size of the order and the premium for the order at each size."

For at least the reasons discussed above with respect to Claims 1-12, 14-17, and 19-29, applicant submits that May fails to teach or suggest the elements recited in Claims 30 and Claim 31. Accordingly, the claims should be allowed.

Claims 32-34

The Office Action did not address Claims 32-34. Claims 32-34 fall within the scope of the elected subject matter and are proper for examination in the application. Claim 32 is directed to a computer system for processing an order for a trade that includes "means for receiving an order at a particular price; means for determining a premium for the order at the particular price based on a liquidity curve, and means for posting the order to a market that is operative to automatically pair the order in accordance with its premium."

As explained in Claim 32, "the premium for the order depends on the size of the order that is matchable with at least one contra side order at the market, and when a portion of the order is unmatchable at the market, the system further comprises means for reducing the size of

the order by the size of the unmatchable portion and determining a new premium for the order in accordance with the reduced order size and the liquidity curve associated with the order."

For at least the reasons discussed above, applicant submits that May fails to teach or suggest the elements recited in Claim 32, and therefore, the claim should be allowed.

Claims 33 and 34 are also patentable over May, both for their dependence on Claim 32 and for the additional subject matter they recite. Claim 33 recites "wherein the liquidity curve associated with each order is defined by the size of the order and the premium for the order at each order size," and Claim 34 recites "wherein the premium for each order is defined relative to a current market price of the order," which are not taught or suggested by May.

Claim 35

Claim 35 is directed to a computer configured to facilitate trading of orders in a batch process. The computer includes "a processor" and "a memory." The processor is configured to "execute instructions stored in the memory that cause the computer to determine, for each order in a batch, a premium for the order at a particular price, wherein for a respective order, the computer adjusts the particular price in accordance with the premium when setting a price for pairing." The processor is further configured to "execute instructions stored in the memory that cause the computer to pair the orders in the batch with contra side orders in accordance with their respective premiums." Similar to Claim 1, the premium for an order "depends on the size of the order that is matchable with at least one contra side order," and when a portion of the order is unmatchable in a pairing, according to Claim 35, "the instructions further cause the computer to reduce the size of the order by the size of the unmatchable portion and determine a new premium for the order in accordance with the reduced order size."

Claim 35 is in patentable condition for at least reasons similar to those discussed above with respect to Claim 1. The "auction module 81" described by May (see Col. 14, lines 9-19) may process "multiple or batch orders on a single instrument at different price levels," but, as noted above, this disclosure refers only to known processing of orders that have been grouped in

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a queue, with each order having a respective price. May does not teach or suggest a premium as claimed in Claim 35. The "different price levels" mentioned by May are not "premiums" as claimed in Claim 35, but instead refer to the particular prices of orders entered by the users.

May also fails to teach or suggest "when a portion of the order is unmatchable in a pairing, . . . reduc[ing] the size of the order by the size of the unmatchable portion and determining a new premium for the order in accordance with the reduced order size," as claimed in Claim 35.

For at least the foregoing reasons, applicant submits that Claim 35 is in condition for allowance.
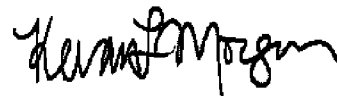
Claims 13 and 18

Claims 13 and 18 currently stand withdrawn. However, for reasons expressed earlier herein, applicant requests rejoinder of the claims. Claims 13 and 18 recite subject matter found in other claims in the present application, and therefore should not be burdensome to search. Furthermore, for at least reasons similar to those discussed above, Claims 13 and 18 are believed to be patentable over May.

<div align="center">CONCLUSION</div>

Applicant respectfully requests withdrawal of the claim rejections and allowance of the claims. Should there be any questions or concerns that can be addressed by telephone, the Examiner is invited to contact the undersigned counsel at the number provided below.

Respectfully submitted,

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